

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON FINANCE

Call to Order: By **CHAIRMAN BOB KEENAN**, on April 5, 2001 at 8:00 A.M., in Room 317 Capitol.

ROLL CALL

Members Present:

Sen. Bob Keenan, Chairman (R)
Sen. Ken Miller, Vice Chairman (R)
Sen. William Crismore (R)
Sen. Greg Jergeson (D)
Sen. Royal Johnson (R)
Sen. Bea McCarthy (D)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Corey Stapleton (R)
Sen. Bill Tash (R)
Sen. Jon Tester (D)
Sen. Mignon Waterman (D)
Sen. Jack Wells (R)
Sen. Tom Zook (R)

Members Excused: Sen. Tom A. Beck (R)
Sen. Chris Christiaens (D)
Sen. John Cobb (R)
Sen. Debbie Shea (D)

Members Absent: None.

Staff Present: Prudence Gildroy, Committee Secretary
Jon Moe, Legislative Fiscal Division

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 140, 4/2/2001; HB 627,
4/2/2001; HB 610, 4/2/2001; HB
613, 4/2/2001; HB 5, 4/2/2001
Executive Action: HB 13; HB 57; HB 273; HB 105;
HB 318; HB 489; HB 490; HB
526; HB 613; HB 615; HB 627

HEARING ON HB 140

Sponsor: REP. GAY ANN MASOLO, HD 40, Townsend

Proponents: Eric Burke, MEA-MFT
Dustin Stewart, Associated Students
Joyce Scott, Commissioner of Higher Education
Office

Opponents: None

Opening Statement by Sponsor:

REP. GAY ANN MASOLO, HD 40, Townsend, opened on the HB 140, a bill for loan repayment assistance for teachers with certain certifications. She read an advertisement for hiring teachers in California. She said a lot of new teachers were leaving the state and rural areas were experiencing a shortage of those in certain certification areas like special ed, math and science. The bill came out the Governor's task force on teacher salaries.

Proponents' Testimony:

Eric Burke, MEA-MFT, stood in strong support of HB 140. He said the bill would make an immediate difference in recruiting and retaining teachers in rural Montana districts. He noted SEN. TOM ZOOK sat on the governor's task force and was there for some of the discussion related to the problem. He said teachers in Montana ranked 48th in average salary. Currently, 75 percent of teacher education program graduates moved to other states. The beginning salaries in California and Nevada districts were \$10,000 to \$20,000 higher than those in some of Montana's best paying districts. Average student loan debt was \$17,000. The bill would help address the student loan debt for teachers who decide to stay in Montana. It was expected that nearly one-third of Montana teachers would retire in the next five years. The demand for new teachers would be 300 to 400 more per year. Teachers were being mis-assigned due to the shortage. He asked the committee to try to restore some of the money in the bill.

Dustin Stewart, Associated Students, presented the viewpoint of university students. He noted that students graduate with \$17,000 in debt with six months to begin repayment before going into default. Students look for the highest paying jobs available. He claimed students would like to stay in the state and he urged support for the bill.

Joyce Scott, Commissioner of Higher Education Office, rose in strong support of HB 140. She said it was modeled on a loan

forgiveness program that had been used effectively and successfully in the Office of Commissioner of Higher Ed, that being the Rural Physicians Incentive Program. They believed it was a good model and the bill was a good way to attract and maintain teachers in critical need areas as well as in rural schools.

Opponents' Testimony:

None.

Questions from Committee Members and Responses:

SEN. BEA MCCARTHY asked about the status of the funding for the bill. **REP. MASOLO** indicated that was why she was there. She said the bill passed the House by a large majority. It was in the governor's budget, but was taken out. She was optimistic that the money could be found for the bill.

SEN. TOM ZOOK advised he saw a graph that showed that 36 percent of the money that went to education went to teachers. He asked **Eric Burke** to address how that had declined over the years. **Mr. Burke** argued that the number was actually upwards of 50 percent. He said it depended on whose numbers were looked at and how salaries were calculated. OPI data showed dollars for classroom instruction were still at a current level of 55 percent. How the money was broken up between salaries and instructional materials was critical. He attributed the problem to the fact that there were rural schools and to the number of schools and school districts. Consolidation had been talked about in recent sessions. **SEN. ZOOK** said the chart had started some years back. He said there were probably more school districts with schools in them at that time than now. In the time since the ratio was 16.3 students to one teacher, student numbers had started dropping but the number of teachers had increased by 274. If the ratio had stayed the same, there would have been \$21 million more dollars for teachers. **Mr. Burke** did not dispute the numbers but said factors such as special ed requirements had impacted schools. **SEN. ZOOK** asked **Mr. Burke** if he would agree that there was a question as to why some of these things were happening such as fewer dollars going into teacher's pockets. **Mr. Burke** said he understood and they had been trying to address that.

SEN. ARNIE MOHL didn't understand asking for more money with no breakdown. He speculated that when money was approved, about 50 percent addressed the problem. He felt that 90 percent of the time it didn't. He favored improving education, but he thought there should be a well defined plan. **Mr. Burke** said decisions and programmatic decisions with the education finance provided by

the state have traditionally been made at the local level. He could not guarantee that the money would go into teacher salaries or into providing classrooms. He could not answer that for every district in the State of Montana. He stated they believed HB 140 was a targeted specific proposal that addressed a specific problem. He pledged to provide accountable information to the Legislature.

SEN. WATERMAN suggested members go to their local school districts for the numbers. She indicated the Helena School district spent 88 percent at the elementary level on salaries and benefits including all employees and 83 percent at the high school level. If instructional staff was broken out, the numbers were 63 percent and 56 percent. She thought the 36 percent numbers that were circulated included just salaries or just classroom teachers. It wouldn't include librarians, music, P.E., special ed, or benefits. She said numbers could be made to look good or bad depending on what was put in them.

SEN. ROYAL JOHNSON thought the problem with the bill was that it called for .5 FTE. He suggested contracting which would save enough to give six more scholarships. He thought the program was worthwhile, but he did not favor adding personnel at OPI. He asked if **REP. MASOLO** would be amenable to that sort of change in the bill. **REP. MASOLO** said she had the same concerns with the FTE. She would be amenable to whatever could be done to promote the program. She advised there had been more interest by students and parents for the bill than any she had carried in four sessions. **SEN. JOHNSON** asked how she would feel about the bill being amended in that way. **REP. MASOLO** said she would have no problem with that.

SEN. KEN MILLER indicated he struggled with the bill. He asked if the assistance would only go to a teacher with student loan debt. **REP. MASOLO** said it would. **SEN. MILLER** felt that would encourage debt. Those who were working their way through school would receive nothing under the bill. **REP. MASOLO** said the bill could be read that way. She indicated there were students whose parents had no means to help them or had to sacrifice to help them. She understood his concern but felt there were students who really had to struggle and \$3000 a year could help them.

SEN. MILLER wondered about priorities for the \$2.6 million. He acknowledged starting teacher salaries were low and he asked if \$2.6 million would be better spent on entry level salaries. He felt starting teachers did as good a job. **REP. MASOLO** said she had spent 30 years in the classroom and was a better teacher at ten years and after. She retired at \$38,000, which was what kids were now being offered in California. She had friends who retired at 25 years and went to another state to teach because

salaries were better. She agreed a beginning teacher did not receive much.

SEN. ZOOK asked if the critical shortage area had been defined.

REP. MASOLO replied the certification areas were special ed, music, math and science. **SEN. ZOOK** had a concern about hiring for specialized areas when K-8 teachers were certified to teach music and art. **REP. MASOLO** agreed some teachers would be able to handle the art and music and that some programs needed to be cut. She felt that with some teachers, the kids would get no music or art. **SEN. ZOOK** asked if they were certified and **REP. MASOLO** answered yes.

CHAIRMAN KEENAN mentioned a job opening in Kalispell for a grade 6-12 orchestra instructor for the string program. He said there were 125 K-12 job openings on the OPI website. He said there weren't more than 10 or 15 classroom teaching openings statewide. He wondered how many opening there were and if many of them were in small rural school districts. **Mr. Burke** said the OPI list in August was for 250 job positions. The number had now declined and districts had to get teachers in the classrooms whether they were certified or not. It was estimated that Montana hired approximately 400 to 500 new teachers per year going back to 1992/1993. With retirements and what is happening with education program graduates, openings were expected to be 600 to 900 openings per year.

{Tape : 1; Side : B}

SEN. WATERMAN advised that in the Education Committee, they were told that teacher turnover last year was 10 percent and the same was expected this year. That would be about 1200 vacancies with about 400 layoffs. 800 new teachers would be needed.

Closing by Sponsor:

REP. MASOLO closed on the bill. She cited a study called "Who Will Teach Montana's Children" that showed only 24 percent of teachers were interested in staying in Montana. She contended any incentive given to teachers in rural areas would be helpful.

HEARING ON HB 627

Sponsor: **REP. CAROL JUNEAU, HD 85, Browning,**

Proponents: **Doug Barnes, Department of Corrections**
Mike Ferriter, Department of Corrections

Opponents: None

Opening Statement by Sponsor:

REP. CAROL JUNEAU, HD 85, Browning, opened on HB 627, a bill to consider the establishment of a prerelease center on a Montana Indian Reservation to serve the needs of American Indian inmates and facilitate their return to productive law-abiding citizenship. She explained flyers that were distributed on Native American prison statistics and programs from the Department of Corrections and on pre-release centers.

EXHIBIT (fcs77a01) EXHIBIT (fcs77a02) She noted that a high percentage of the population of correctional facilities in Montana were Indians. She contended that looking at establishing a prerelease on one of the Indian reservations might be a solution to reduce the disparity. Chemical Dependency issues would be addressed in prerelease. Families would be re-united. Colleges on the reservations would be an excellent resource for training opportunities. Partnerships could be established with chemical dependency treatment facilities on reservations along with the Indian Health Service. A prerelease center could be an economic development opportunity. She indicated the original amount asked for was \$1 million. The House reduced the amount to a \$5000 request for the Department of Corrections to work with the Montana Indian Tribes to study the issue and see if it was a feasible strategy. She asked for support for the bill.

Proponents' Testimony:

Doug Barnes, Department of Corrections, stated the department supported HB 627. He noted the department had distributed requests for proposals eight or nine years ago to each of the seven Montana reservations to assess interest in establishing a prerelease center of one of the reservations. None of the reservations responded and the prerelease was established in Helena. He contended the department had an interest in establishing a prerelease on an Indian reservation, but they did not have the resources to fund such a project. He also explained there were waiting lists for prerelease. He distributed information regarding the Native Americans currently in the correction system. **EXHIBIT (fcs77a03)**

Mike Ferriter, Department of Corrections, supported the bill. He anticipated the need for additional prerelease beds in order to maintain the goal of a balanced system of adult offenders on community corrections supervision. He thought the idea of studying the option of putting a prerelease on a reservation would be very helpful to the department and the next legislative session in the event that additional beds were requested.

Opponents' Testimony:

None.

Questions from Committee Members and Responses:

SEN. WATERMAN referred to the handouts and asked if there were still prisoners housed outside of Montana. **Mr. Ferriter** assured her there were not. **SEN. WATERMAN** asked how many Native Americans were on the waiting list for prerelease. **Mr. Ferriter** did not know the specific number, but assumed it would be the same ratio of about 30 percent. **SEN. WATERMAN** asked how many were on the waiting list for prerelease. **Mr. Ferriter** did not know the exact number. The Billings program had 64 offenders on the waiting list. **SEN. WATERMAN** asked how much was saved in serving inmates in prerelease as opposed to prison. **Mr. Ferriter** was not sure of the cost per day in prison, but advised the per diem rate for prerelease was \$40.06 for males and \$49.64 for females.

SEN. NELSON noted there was a recognized need, and wondered what would be accomplished with the \$5000 to further study the matter. She wondered if the intent was to keep the issue alive so if there was money it could be done. **REP. JUNEAU** indicated there were certain steps established by law or rules that had to be undertaken in order to establish a prerelease center. **SEN. NELSON** asked **Mr. Ferriter** what the \$5000 would be used for and he replied that in administrative rules there were guidelines to establish a prerelease center that included public meetings, public surveys, and independent surveys. There would also be travel costs and possible contracting for a point person for the project. They would need to find out which reservations were interested and meet with them. **SEN. NELSON** assumed the \$5000 was not an established cost but was plugged in. **Mr. Ferriter** indicated that **REP. JUNEAU** was ready to move forward with the entire project with the \$1 million request.

SEN. ZOOK asked **Mr. Ferriter** about establishing prerelease centers where people had the opportunity to get jobs. **Mr. Ferriter** affirmed that was a critical piece and would be part of the study. The reservation prerelease would be a twenty bed facility and much smaller than any currently operated. **SEN. ZOOK** wondered about off reservation crimes and the jurisdiction issue. **Mr. Ferriter** said that was a question that would need to be answered in the course of the study.

SEN. BILL TASH asked how many Native Americans were in the boot camp program at Montana State Prison (MSP). **Mr. Ferriter** said the boot camp was one of the programs that he oversaw and he did not know how many adult Native Americans were there. He guessed it was five or six. He stated that if a district court judge agreed that an offender complete the boot camp in lieu of his or her period of incarceration they could get a sentence reduction. If an offender volunteered, was eligible and completed, they would get a reduction.

SEN. MOHL asked if the bill was approved, it they needed authority to do the study. **Mr. Ferriter** indicated they did not need the authority. He felt the department's powers and duties would indicate they could cite and establish prerelease centers.

SEN. MOHL asked if they had the authority, would they take it out of the Corrections budget. **Mr. Ferriter** said if the department felt it important to move forward in looking at a prerelease center on an Indian reservation, they would do their best with or without the \$5000. The \$5000 would be helpful.

SEN. MILLER asked if reservations had been excluded as an option in the past. **Mr. Ferriter** cited the request for proposals issued previously. *{Tape : 2; Side : A}* **SEN. MILLER** thought that since there was already the authorization to study the feasibility for reservations, he thought reservations would be included in assessing future needs just like any other place would be. **Mr. Ferriter** thought it would take a greater effort than sending out an RFP. Education would be needed on the reservations about the issue. That would be part of what the \$5000 would do.

Closing by Sponsor:

REP. JUNEAU closed on the bill. She presented written testimony from **SEN. CHRIS CHRISTIAENS** who was unable to attend the hearing. She said he had indicated that he would be willing to carry the bill on the floor if it was approved. She realized one of the issues that would need to be looked at would be employment as well as jurisdictional issues. She felt with the high rate of American Indians in the correctional system in Montana, the prerelease would be one strategy that could be looked at.

HEARING ON HB 610

Sponsor: **REP. DAVE KASTEN, HD 99, Brockway**

Proponents: **John Beer, Secretary Treasurer of the Essex Water Users Council**

**Dave Peterson, Public Works Director, City of
Havre**

Bill Kennedy, Yellowstone County Commissioner

Gloria Paladichuk, Richland Economic Development

REP. MATT MCCANN, HD 92, Harlem

Opponents: Tim Burton, City Director, Helena

Opening Statement by Sponsor:

REP. DAVE KASTEN, HD 99, Brockway, an act reducing the amount of coal severance tax deposited in the Treasure State Endowment Fund (TSEP) and increasing the allocation to the coal severance tax permanent fund. He explained that in 1999 the legislature adopted HB 260 to encourage economic development via investment in research and commercial projects. In order to do that the percentage of allocation to TSEP was increased. After the coal producers' license tax contained in HB 260 was found invalid by the Supreme Court, a special session was called to implement and make the adjustments required. Adjusting the percentage of allocation to TSEP was overlooked during the special session and HB 610 would correct that. The bill was requested by the Joint Appropriations Subcommittee on Long Range Planning to increase general fund revenue by \$1,822,000 during the 2003 biennium. It would reduce the amount available for grants in HB 11 by the same amount. House Appropriations voted to amend the bill and make the bill effective July 1, 2003. There would be no fiscal impact in the 2003 biennium.

Proponents' Testimony:

John Beer, Secretary Treasurer of the Essex Water Users Council, testified the Essex Water User District was one of the smallest projects in HB 11. There were 30 users who had invested \$167 per user to prepare the application for HB 11. The delay of the enactment of the effective date of HB 610 would allow them to be funded for at least \$225,000, approximately 1/4 of their construction budget. Economic resources were contingent on the provision of a water system that would meet the Clean Water Act. They were under an order from DEQ to provide that system, so funding was imperative. The extension of the effective date would allow about \$5 million worth of construction in the overall project and would mean about 20 jobs per year. It would mean about \$50 million in the state economy in the current year and would allow communities to repair and improve infrastructure as needed.

Dave Peterson, Public Works Director, City of Havre, testified that the City of Havre was working with the Montana Department of

Transportation on a project for an urban road to go through or around the City of Havre. The DOT had assigned a consultant that was currently working on a design of the project. It was a \$4 million project with \$3 million funded from the city's urban funds. The project was for 2 miles of new or reconstructed roadway along with a \$1 million project involving waterline and \$800,00 for sewer line that would go along with the DOT project. The project would relieve pressure on the existing infrastructure within the city. Better fire protection and water supply would result for the area. Approximately \$500,000 of the \$1 million for the waterline project would come from the TSEP program. The city was currently 31st on the list of projects funded through the TSEP allocation. HB 610 as amended would give the city the opportunity to complete the project. He indicated the city was close to its target rate of \$50 for the average water bill and was working on upgrading its system. Receiving money on a matching basis through TSEP would help keep costs down. Without TSEP funding, the city would not be able to complete the water and sewer projects, so they were in support of HB 610 as amended.

Bill Kennedy, Yellowstone County Commissioner, spoke in favor of HB 610 as amended with the starting date of 2003. He explained that it would be nice if the extra money were going into the Treasure State Endowment for projects. He said a lot of projects came forward and it looked like money would be appropriated until HB 610 came about. He said they were in support of HB 610 with the start date of 2003 which would enable the last five projects, one of which was a bridge replacement next to the Shiloh interchange, to come online. HB 610 as amended would keep the funding in place for the year and he asked for the committee's support.

Gloria Paladichuk, Richland Economic Development, advised it was extremely important that the effective date in the bill be retained. She said either way it would not affect Richland County as they were ranked higher, but that five communities would be eliminated and would not be able to obtain alternative funding late in the process.

Opponents' Testimony:

Tim Burton, City Director, Helena, testified he understood **REP. KASTEN's** logic behind the bill. He indicated he was involved in the initial discussions when the Treasure State Endowment was started and in the discussions over HB 260. He felt TSEP was truly a success and could always use additional monies to be effectively implemented throughout Montana. For that reason he opposed HB 260. He said he would stand in support of the amendments to delay the bill's implementation for two years. He

said Helena was funded in HB 11 earlier in the session but that Commissioner Kennedy was successful in lobbying Helena out of their spot and putting them just below the funding line. By delaying the implementation of HB 260 for two years, there would be an opportunity for Helena to take whatever might be leftover after the program was expended through the next biennium. He contended the justification for moving Helena out was not accurate in terms of the railroad, in terms of the price and in terms of the fact that they had been successful in the program. Although he was in favor of the amendments, he stood in opposition to the bill because the program had been a success in working with local governments to improve infrastructure which was the backbone of any economic development activities taking place in Montana.

Questions from Committee Members and Responses:

None.

Closing by Sponsor:

REP. KASTEN closed on the bill and asked for support for the bill as amended.

-recess 9:15-

-reconvene 9:35-

(After the meeting was reconvened there was a slight gap before the recorder was turned back on.)

HEARING ON HB 613

Sponsor: **REP. STEVE VICK, HD 31, Belgrade**

Proponents: **None**

Opponents: **None**

Opening Statement by Sponsor:

REP. STEVE VICK, HD 31, Belgrade, explained HB 613 would create a committee to review personal services budget development. The committee would include two legislators, one from the House Appropriations Committee and one member of the Senate Finance Committee, who would also be members of the Legislative Finance Committee (LFC). He noted the state had been developing budgets for personal services in the same manner longer than ten bienniums. He felt the current process did not provide for an adequate review of expenditures in the budget base.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Informational Witnesses:

Brian McCullough, Legislative Fiscal Division, advised he had worked in a variety of state agencies and that it was time to revisit the process.

Questions from Committee Members and Responses:

SEN. JON TESTER asked for the reason for the April 30, 2002 reporting date. **REP. VICK** replied it would be the end of a base year and there would be time to institute changes. He said the committee work should be done early.

Clayton Schenck, Legislative Fiscal Analyst, explained the bill was in response to concerns of over-funding personal services. He said a review of the base was a substantial issue if it could be done in the interim.

SEN. ROYAL JOHNSON asked who the recommendations would be made to and what actions would be taken before the next session and the timing of that. **Mr. Schenck** explained the committee would report to the Legislative Finance Committee and the LFC would make recommendations to the Legislature. He said **Budget Director Chuck Swysgood** had indicated an interest. He explained the system used was an enterprise budgeting process and was personal services or FTE oriented. The outcome of the study would depend on what it was decided to get into. In terms of the process, if what was decided was not statutory, it would be something that could probably be agreed upon by his office and the budget office and done within the terms of the LFC. If it would involve changing the statutes, such as dealing with the issue of base budget, it would have to come before the legislature before that could be done.

Closing by Sponsor:

REP. VICK closed on the bill. He said the short answer was that the committee would report to the LFC. He said the issue would be looked into in the biennium whether the bill passed or not. The difference would be that if the bill was passed, there would be two legislators on the committee. That was why there was a

fiscal note. If the bill did not pass, there would not be any legislators on the committee. He believed the fiscal division and the budget office would still work on it in the interim. He thought there was some value in having a couple of people from the LFC in on the process if the legislature would have to deal with the output. He said if the committee agreed, they should pass the bill.

HEARING ON HB 5

Sponsor: REP. MATT MCCANN, HD 92, Harlem,

Proponents: None

Opponents: None

Opening Statement by Sponsor:

REP. MATT MCCANN, HD 92, Harlem, opened on HB 5, a bill appropriating money for capital projects for the biennium ending June 20, 2003. He described the Long Range Building Committee's actions on HB 5. He said there were two issues, one was remaining within the debt service in HB 14 with an ambitious building program and at the same time there were maintenance issues in HB 5 that they wanted to address. The committee worked very hard to coordinate HB 14 and HB 5 so that both issues could be addressed. He said there were approximately \$7.2 million in long range building funds that would be spent on roofs, paving and various projects across the state. Within the \$7.2 million, he disclosed there had been bonds accelerated forward from the 1995 debt service issuance of bonds. The dollars that would pay for those bonds in the long range building account were used for some of the maintenance. That was how they would do more maintenance across the state than what was proposed initially. He pointed out that HB 5 had authorities for projects including the Central Reception Unit at Montana State Prison, the Armory, and the Ag Experiment Station. He noted that the committee granted the authority to build the Multi Media Center at Yellow Bay with an agreement that Yellow Bay would be responsible for maintenance. He said the same was true with some building renovation at UM Missoula. He suggested coordination language might be appropriate, since HB 14 was not moving, rather than addressing each authority because they cross over to HB 14. He pointed out the language on page five, line 21-25 that asked the Department of Fish, Wildlife and Parks (FWP) to consider offering term easements. He said the language was amended in the full Appropriations Committee to suggest an alternative temporary conservation easement. He also pointed out that the additional

maintenance issues that were agreed upon on pages four through five.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Questions from Committee Members and Responses:

SEN. WATERMAN asked if all the projects in HB 5 could be done if HB 14 did not pass or which ones could not be done. **REP. MCCANN** replied that the construction of the Central Reception Unit, had approximately \$5 million in bonding in HB 14. Also affected would be the the construction of the new Dillon Armory. There was approximately \$1 million in bonding in HB 14 for the Ag Experiment Station at MSU-Bozeman. MSU-Northern had \$2 million in bonding and there was \$1.8 million in bonding for the PBS digital conversion at MSU-Bozeman. **{Tape : 2; Side : B}** He noted there would be some difficulty with MSU-Bozeman building an Ag bioscience building. They wished to spend additional dollars from the sale of property to repair the various facilities of the Ag Experiment Station, approximately \$1 million. If the \$1 million in HB 14 did not materialize, there would have to be an adjustment to reflect the \$1 million that would exist from the sale of property.

CHAIRMAN BOB KEENAN advised there had been conversation about amending HB 14 into HB 5 and making HB 5 a bonding bill and a cash bill. He said if HB 14 did not move, HB 5 could be left the way it was and there would be excess spending authority that wouldn't be used.

REP. MCCANN further informed the committee that the projects listed on pages four and five would be removed because they were reflected in the debt service. That would include UM-COT Helena.

SEN. WATERMAN asked if HB 14 did not go forward, if there would be \$2 million over the biennium that would not be spent to pay down the bonds that would be available to go into HB 5. **REP. MCCANN** said the amount was \$2.2 million. **SEN. WATERMAN** commented about the assumption of operations and maintenance costs at Yellow Bay and the UM Law School. **REP. MCCANN** said that was his recollection in the hearing. She noted that was not mentioned in the bill for Yellow Bay. **CHAIRMAN KEENAN** affirmed that Yellow Bay would pay for it themselves.

SEN. TESTER thought that was a good question and that it should be in the bill. **SEN. WATERMAN** reiterated there should be a line that reflected the agreement. **SEN. TESTER** assumed the operations and maintenance was on the addition portion of the law school. **REP. MCCANN** said that was correct. **SEN. WATERMAN** said it was the same for Yellow Bay and should be clarified.

SEN. JOHNSON asked about the bond switch. **REP. MCCANN** said that initially, when he came to the legislature in 1995, there was a building program and it was thought there was a need to address the different issues across the state that still existed. It was recognized that in order to address the building program, that dollars were needed for the debt service. There were long range building dollars and there was a maintenance program. Some of those dollars were directed at the debt service in 1995 for the issuance of bonds. The Long Range Building Committee wanted to address the maintenance issues before getting into another building program. If there was more maintenance than long range building dollars, they needed to find the money. It was thought to take some of the long range building dollars back to the long range maintenance program and push the debt service back to the general fund so that the dollars could be used to address maintenance. He said it was a redirection within the budget office.

SEN. JOHNSON asked **Jane Hamman, OBPP**, if the dollars for the building program all come out of the bonding program of the state. **Ms. Hamman** advised that on the fiscal notes for HB 14, traditionally, they looked at specific sources for general obligation bonds in the building program. It was usually general fund. In the Department of Labor and Industry there were federal funds for Job Services. There was an indication that federal funds would be used to retire the debt. The 1995 session was the year the change was made. After a certain portion of the Highway Reconstruction Trust was paid off, 12 percent of the coal severance tax was redirected to long range because of the declining cigarette tax revenue into long range. With that additional revenue in long range that year, a portion of the 12 percent was used for maintenance and a part of it pledged for debt service. There was one series of bonds from 1996, 1997 and 1999 as a result of the 1995 session action. The stream of revenue was not general fund or federal funds but was the coal severance tax that was dedicated to long range statutorily. When long range in the current session looked at that, the cigarette tax money was way down again and there was only \$4 million for ongoing major maintenance. They wondered what could be done on an ongoing basis that would help provide revenue for maintenance. One solution was to go back to the series of bonds and switch the funding source to general fund so that there would be more of the

12 percent of the cigarette tax available every biennium for maintenance projects. She said it was \$665,000 a year. **SEN. JOHNSON** asked if the cigarette tax revenues had been taken out. **Ms. Hamman** said they took what the committee decided the general fund would be able to afford, \$665,000 per year, and switched that amount on an ongoing basis from the coal severance tax dedicated to the long range building cash account which had been pledged for bonds to the general fund. There would be a slightly larger amount of the total general obligation bond debt that would be paid from the general fund, \$665,000. **SEN. JOHNSON** asked how many dollars would be left that was currently being paid by tobacco tax revenues. **Ms. Hamman** repeated the \$665,000 would be taken from the coal severance tax deposited in the Long Range Building Account for debt service and put it into the Long Range Building Account for maintenance. **SEN. JOHNSON** asked about the \$665,000 coming from the general fund and **Ms. Hamman** said that would be on an ongoing basis until the rest of the series were paid off. **SEN. JOHNSON** asked about the total amount the state would be liable for over the next biennium per year for debt service on general obligation bonds of the state. **Ms. Hammond** indicated that **D. J. Whitaker, Department of Administration**, maintained the debt service.

SEN. ZOOK clarified that cigarette tax and tobacco money were different. The funds that **Ms. Hammond** was talking about were the cigarette taxes imposed long ago and the tobacco settlement money was different. **SEN. JOHNSON** said the tax was on all tobacco products, not just cigarettes.

REP. MCCANN recalled for **SEN. JOHNSON** that the debt service from the general fund over the next biennium would be \$20 million. **SEN. JOHNSON** asked what it was a year ago and if it was in the \$18 million category. **D. J. Whitaker, Department of Administration**, advised that in FY 2001 the total was \$18,909,000 for debt service. It was estimated to be \$19,132,000 in FY 2002. That did not include anything that was in HB 14 from the current session. **SEN. JOHNSON** asked about 2003 and 2004. **Ms. Whitaker** replied it would be \$18,572,000 in 2003 and \$17,264,000 in 2004 and that did not include anything in the current bonding bill. **SEN. JOHNSON** asked if it didn't included anything in any of the bonding bills that might be out there. **Ms. Whitaker** said it included what was currently outstanding.

SEN. WATERMAN asked **REP. MCCANN** about the concern with ongoing maintenance of buildings. She understood that in the past, when some of the units of the university system were having budget troubles, rather than laying off staff and cutting programs, they would simply defer maintenance. She indicated that was one of

the reasons there was such a large outstanding maintenance problem. She wondered if the committee did anything to address that issue. She contended UM-COT Helena had never had any deferred maintenance because they made the hard decisions to cut staff or whatever they needed to do to maintain their buildings. She wondered if anything was being done to require schools to maintain their buildings and if that was discussed in Long Range. **REP. MCCANN** said they had that discussion. He explained the committee examined different facilities. They looked at what was maintenance and what was a facility that was worn out. He cited the example of the Chemistry Building in Missoula. The infrastructure was good but the technology, the windows, and the electrical system all needed to be updated. They were working but not enhancing or accelerating academics. He said that was not really a maintenance issue but one of renovation. He said that was different than a roof being fixed or a parking lot being paved. They examined an audit where the State Auditor addressed the maintenance issue. It was recognized there were different levels of acceptance as to what was reasonable and unreasonable. The committee tried to take the recommendations from the Department of Administration, recognizing that everything could not be done all at once and that there were facilities that used their dollars other than for maintenance. The committee was charged with making decisions whether they should be rewarded because they did not keep up on certain maintenance issues. That was the reason they brought dollars forward to try to deal with more maintenance than what was available in dollars. He also pointed out that the long range building cigarette tax dollars were going down. Getting rid of the debt service enabled them to do a few more things. **SEN. WATERMAN** asked if there was some requirement that a certain portion of the university budget would go towards maintenance of their buildings in the future, so that roofs were not allowed to deteriorate to the point they had to be replaced. **REP. MCCANN** advised that MSU-Bozeman had a professional program to address each building and department in that manner. UM-Missoula was very aware of the issues. He acknowledged **SEN. WATERMAN's** point regarding systems that had made a concentrated effort to address maintenance issues and other systems that had not. There was a disparity between systems. He said he did not have knowledge of every facility in the state. There were different standards on different campuses and the maintenance budget would need additional revenues down the road to deal with the issues.

SEN. TESTER contended it was not an easy issue. He cited the crumbling foundation at Linfield Hall. He said it was an extremely old building with windows that needed replaced. There were different levels of expectations on older buildings and on the time frame for deferred maintenance. He said both **SEN.**

WATERMAN and **REP. MCCANN** made a good point but it was not an easy call. **SEN. WATERMAN** reiterated that some communities had never had any deferred maintenance and others were constantly coming in for deferred maintenance. Those that were seeing 38 percent a year growth in their programs were frustrated. They were being told they could not have new buildings because of the deferred maintenance for everybody else.

SEN. JOHNSON asked about the total bonding proposal in HB 14.

REP. MCCANN replied it was about \$25 million. **SEN. JOHNSON** noted the long range building program had already issued \$67 million but there was a superfund situation that was \$10 million. He said that had been on the books for a long time and hadn't been used. He said if the \$10 million was taken off the \$67 million, and if all of the programs were done, that would be about \$5.7 million a year to cover the cost of the already authorized programs. Then the \$19 million would suddenly go to \$23 million and he was concerned with that. As far as he knew, HB 5 and HB 14 were not included in the numbers. He asked if that would be close to correct. **REP. MCCANN** affirmed that was a good point and accurate that way it was described. He said the program did a lot of good things across the state of Montana. He was not uncomfortable with the debt service being above \$20 million. He supported a disciplined building program. *{Tape : 3; Side A}*

SEN. JOHNSON acknowledged the committee did a great job and were faced with terribly hard problems. He thought that to continue to put the problem on future legislators was not a fair situation. That was his concern. He said if tobacco tax money was not available next session, then another \$2 million a year would be needed for the program. He did not mean to be critical.

REP. MCCANN acknowledged the concern with future legislatures.

SEN. JOHNSON said there had been an agreement with the university system for about 13 percent from the lump sum for maintenance. They had averaged about 12 percent for maintenance.

SEN. COREY STAPLETON asked about Section 6 where FWP was being authorized to transfer money and appropriate it among fund types. If they were talking about land acquisition, dam and capital improvements, why would they be allowed to transfer money. **REP. MCCANN** said FWP should answer the question. **Ms. Hammond** advised the section was in the bill at the request of the agencies and the budget office because there were unexpected opportunities for the receipt of federal funds. They do everything they can with the receipt of those federal funds to save state special revenue or the general fund. There were several instances where a prior year adjustment was needed. A project had been completed and it had been approved at 1 percent federal match. When the final report was being submitted, the federal government said they would pay 100 percent of it. That kind of language was needed

for a prior year adjustment to save state special revenue. She said the department then could defer a license increase for a longer period of time. She indicated that they spend other funds first before spending general fund or capital projects funds.

SEN. STAPLETON said the Department of Transportation received a lot of match money. He said there was a broad spectrum between land acquisition and capital improvements. He wondered why FWP was special. He asked if it was important to have that kind of flexibility so that the motor boat and recreation funds and the big horn sheep program could flow at the discretion of the department and away from the legislature. **Ms. Hammond** said that was not their experience and that would be for specific projects where there was some kind of federal match or a specific circumstance where they were able to save state dollars. That was the reason for the language. **SEN. STAPLETON** noted it was pretty loose. He asked **REP. MCCANN** about Section 12 where \$19 million was struck and \$4.5 million was added. He wondered why present tense amendments were used for something in 1997. **REP. MCCANN** said that for the last ten years MSU-Bozeman had asked for the authority to build. Finally, they decided not to build the structure and wanted the authority to be struck. **Tom O'Connell, Administrator Architecture and Engineering**, explained MSU came to the Long Range Building Committee and asked the authority for the building be rescinded. They had several projects going that would require them to keep \$4,500,000 of that authority. He said **SEN. STAPLETON** was right and that the same \$4,500,000 should have been installed where the \$19 million was in the intent language from 1997.

SEN. ZOOK asked **REP. MCCANN** about the issue of funding maintenance for classroom space. **REP. MCCANN** said that was the intent of the committee in 1997.

SEN. ZOOK noted the amendment regarding shorter term conservation easements and wondered how FWP responded. **REP. MCCANN** explained the amendment first read that a term easement would be negotiated over 75 years at 60 percent of the value. He said **SEN. TOM BECK** amended the language down to 50 years at 50 percent. By the time it got to the Appropriations Committee, it lost all percentages and it was left with the language "selection of cost and time for this alternative must be mutually agreed to by the parties to the easement." He did not suggest that was unfair language. It recognized that the landowner and the department would come to an agreement that might be higher than 50 percent or less than 50 percent. He thought the department was somewhat receptive to the language. It was a new idea that hadn't been used. **SEN. ZOOK** said there was a bill in 1987 that created the program and he wondered if that law would override. **Jeff Hagener, Director FWP**, advised the law **SEN. ZOOK** was referring to did not restrict the

type of conservation easement. He did not think the new language would affect it, it just gave the department more direction.

SEN. ZOOK commented that in his area it was always thought that conservation easements were for perpetuity only. He asked **SEN. BILL TASH** about his area. **SEN. TASH** said that had been the case. He said there was more of an understanding that easements could be negotiated better now than at first. **Mr. Hagener** acknowledged that the whole process had evolved over time. The preference of groups that had purchased conservation easements had typically been for perpetuity. Over time people realized there were more opportunities. The language in the amendment would give flexibility. **SEN. TASH** asked if there were term limits on conservation easements that were negotiated. **Mr. Hagener** said there were some.

SEN. JOHNSON asked **Ms. Hamman** asked if any buildings built since 1955 had come under the \$19 million. **Ms. Hamman** said she understood that the \$4.5 million had been or would be spent and that was why that amount of authority was needed to remain. It had not been actual construction, but maintenance on classroom buildings such as restoring labs. **SEN. JOHNSON** said his specific question was about the \$19 million that was restricted and had to be paid for on a continuing basis and whether any of that \$19 million had been used. **Ms. Hamman** said some of it had been used but it was her understanding that it would not affect the proportional share of the operations and maintenance in those facilities because the Epi-Center Building itself was not built. **SEN. JOHNSON** said he realized that, but noted that the use of any of those funds in any building would no longer be covered if the \$19 million was reduced to \$4.5 million. They would not be covered under the restrictions that were in the law in the 55th legislature. He asked if that would be correct and **Ms. Hamman** said it would.

Closing by Sponsor:

REP. MCCANN closed on the bill. He acknowledged that **SEN. STAPLETON** had caught some language that would need to be addressed. He hoped to bring HB 14 to the committee soon so that coordination language would not be needed.

-5 minute recess-

EXECUTIVE ACTION ON HB 13

Motion: **SEN. JOHNSON** moved that **HB 13 BE CONCURRED IN.**

Disussion:

SEN. JOHNSON advised there were amendments needed to make the bill reasonable.

SEN. MOHL asked if the four percent pay raise was based on cost of living. **Terry Minow, MEA-MFT**, explained it was a negotiated agreement to try to get closer to market-based pay. **SEN. MOHL** asked if it was negotiated on the basis of different classifications and had nothing to do with cost of living. **Ms. Minow** said she was not a part of the pre-budget negotiations. **John McEwen, State Personnel**, advised the four percent represented a settlement with the various unions. Market data was used in the negotiations as justification. The adjustment could be accepted as cost of living, but in negotiation they tended not to talk about cost of living and focused on market issues. **SEN. MOHL** said he was under the impression it was a cost of living increase. **Mr. McEwen** said they had CPI information that showed a 3.4 percent change from one year to the next. They used that rationale to settle on the change in the schedules. Primarily, they focused on market and what they would have to pay to retain employees. **SEN. MOHL** said the problem he had with the increase was that the person that really needed it would get nothing. It seemed to him that was the way the state had operated for years. He cited the example of beginning teacher salaries. Higher salaried teachers would get more of a raise. He thought it should be called a cost of living increase, and a flat raise given. **Mr. McEwen** said the only measure was the market. There were several objectives that had to be met within the pay plan. Jobs were classified on the 25 pay grade schedule. It was true that a certain kind of job might be over market, but based on internal comparisons the job would be paid similar to other jobs in the same pay grade. He advised the market tended to work on a percentage basis. The state share of benefits was the same for everyone. **SEN. MOHL** cited his experience when he worked for the Department of Transportation. He thought more dollars should go to lower paid workers.

{Tape : 3; Side : B}

Motion: **SEN. JOHNSON** moved that **AMENDMENT HB001306.ATP BE ADOPTED. EXHIBIT (fcs77a04)**

SEN. JOHNSON explained the \$3.6 million needed to go back in to get it in balance.

SEN. WATERMAN asked for clarification on whether there had been an additional \$5 million taken out in **REP. DAVE LEWIS'** amendment. She said **SEN. JOHNSON's** amendment did not reverse the **LEWIS** amendment. She said the **LEWIS** amendment actually took out \$8 million. **Jon Moe, Legislative Fiscal Division**, explained the

amendment corrected a math error. It would not reduce the status sheet balance. He said it did not reverse the **LEWIS** amendment. He indicated there was a second amendment that would.

Motion: **SEN. WATERMAN** moved a **SUBSTITUTE AMENDMENT TO REVERSE THE LEWIS AMENDMENT**.

SEN. WATERMAN said if the **LEWIS** amendment was reversed and removed it would solve the error. It would also solve the \$5 million. She said the error was made in the **LEWIS** amendment.

Mr. Schenck explained it was his understanding that **SEN. JOHNSON's** amendment had to happen and then the other one. **SEN. WATERMAN** contended that if her motion was simply to reverse the **LEWIS** amendment, then it would correct the error as well as the decrease of \$5 million. **Mr. Moe** asserted that both of the amendments needed to occur. **Mr. Schenck** clarified that one amendment had been made and one would be proposed. He said her motion combined them. He indicated the two amendments together would have the effect of reversing the **LEWIS** amendment. The second amendment HB001307.atp was passed out. **EXHIBIT(fcs77a05)** **Mr. McEwen** stated the two amendments together would do what **SEN. WATERMAN's** amendment would do. **CHAIRMAN KEENAN** asked if the reversal of the **LEWIS** amendment would take care of **SEN. JOHNSON's** motion. **Mr. McEwen** indicated it could. **Ms. Hammon** clarified that the substitute motion would be like moving the two amendments at the same time.

Vote: Motion **SUBSTITUTE AMENDMENT** carried 16-2 with Miller and Wells voting no.

Motion: **SEN. WATERMAN** moved that **AMENDMENT HB001302.AJM** BE ADOPTED. **EXHIBIT(fcs77a06)**

CHAIRMAN KEENAN explained the amendment would add \$500,000 general fund to the personal services contingency.

Vote: Motion **HB002403.AJM** carried unanimously.

Motion: **SEN. WATERMAN** moved an **AMENDMENT FOR \$5.7 MILLION TO AVOID A TUITION INCREASE**.

Discussion:

SEN. JOHNSON asked for **Mr. McEwen** to comment. **Mr. McEwen** explained that when they calculated the cost of the four percent raise to the university there was a total number. He said 53 percent of that was allocated from general fund and 47 percent

from the other funds. He assumed the amendment would put more general fund in and reduce the other funds column.

Vote: Motion **FOR \$5.7 MILLION TO AVOID TUITION INCREASES failed 7-10 with Christiaens, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.**

Motion: SEN. JERGESON moved **TO INCREASE THE GENERAL FUND SHARE OF THE PAY PLAN FROM 53 PERCENT TO 62 PERCENT WITHIN THE MONTANA UNIVERSITY SYSTEM. EXHIBIT(fcs77a07)**

SEN. JERGESON explained the amendment. He thought the students had made a compelling argument about the burden the ratio placed on them. He wanted to find a happy medium between how the pay plan used to be funded and what they had drifted towards.

Vote: AMENDMENT TO INCREASE GENERAL FUND SHARE failed 7-10 with Christiaens, Jergeson, Nelson, McCarthy, Shea, Tester, and Waterman voting aye.

Motion: SEN. KEENAN moved that **HB001301.AJM BE ADOPTED. EXHIBIT(fcs77a08)**

Mr. Moe explained the amendment would add coordination instruction. He explained that **Greg Petesch, Legislative Legal Services**, had said the bill was in conflict with HB 409 and SB 145 that both address the same section of law. The coordination language was necessary to avoid problems.

SEN. WATERMAN asked what it was they would be avoiding in those two bills. Mr. Moe said the section affected would be 218-703 (2). HB 409 affected health benefit increases. SB 145 had to do with the State Compensation Insurance Fund.

Vote: Motion **HB001301.AJM carried unanimously.**

Motion/Vote: SEN. JOHNSON moved that **HB 13 BE CONCURRED IN AS AMENDED. Motion carried unanimously.**

EXECUTIVE ACTION ON HB 57

CHAIRMAN KEENAN stated HB 57 was **REP. ERICKSON's** bill to transfer \$.5 million from Section 8 to affordable housing revolving account.

Motion: SEN. MCCARTHY moved **HB 57.**

Mr. Moe noted the money would be transferred to the Affordable Housing Revolving Loan Account. There was no appropriation at the present time to spend the money, so it might have to be addressed in free conference. **SEN. MCCARTHY** thought that was in HB 273. She said the two bills went together. She thought the two companion bills took care of the issue brought up by **Mr. Moe**. If not, it would have to go to conference.

Vote: Motion HB 57 failed 8-10 with Christiaens, Jergeson, Johnson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.

Motion/Vote: **SEN. MILLER** moved that HB 57 BE TABLED. Motion carried unanimously.

EXECUTIVE ACTION ON HB 273

Motion: **SEN. MCCARTHY** moved that HB 273 BE CONCURRED IN.

SEN. WATERMAN asked about the funding in HB 2 and she indicated the amount had been changed. **Hank Hudson, DPHHS**, maintained the money appropriated in HB 2 was decreased by three percent to pay for the earned income tax credit. **CHAIRMAN KEENAN** clarified that the \$3.5 million was reduced to \$3,415,928.

Motion: **SEN. WATERMAN** moved TO ADJUST THE TRANSFER AMOUNT TO REFLECT THE AMOUNT LEFT IN THE LINE ITEM IN HB 2 TO \$3,415,928.

SEN. ZOOK asked if there was money for that. **SEN. WATERMAN** answered yes, it was in HB 2 and it came out of the TANF IIR funds. She indicated the money had been there and not been spent in ten years.

Vote: Motion to AMEND carried unanimously.

Motion/Vote: **SEN. MCCARTHY** moved HB 273 BE CONCURRED IN AS AMENDED. Motion failed with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, and Waterman voting yes.

SEN. JOHN COBB asked what would happen with the money that was there. He wondered if there would be a revolving account created. **SEN. WATERMAN** said the money was there and had been appropriated for the loan account. **Mr. Hudson** said they would need to see if it was a restricted line item in HB 2. **SEN. WATERMAN** assumed that the money wouldn't be transferred, but used for low income housing needs of TANF recipients. It would not go into the fund to be spent. **CHAIRMAN KEENAN** asked if it was a biennial appropriation with no restrictions. **SEN. COBB** asked if there would be flexibility. **Mr. Hudson** said the revolving loan

account would be one of the vehicles to be looked at. The direction from the legislature was to use the \$3.4 million for low income housing. Because it was not restricted, if they weren't able to use it for that purpose they would look for other purposes in FAIM IIR. **CHAIRMAN KEENAN** asked if it could go to the Affordable Housing Loan Account; he wondered if the department had the authority to do that. **Mr. Hudson** did not think there was any prohibition for that. It could be used in the revolving loan account or for other housing purposes. **SEN. MCCARTHY** asked him to repeat. **Mr. Hudson** said the direction was to use the money for housing. Without the passage of HB 273, there were other ways to use the money for housing besides a revolving loan account. The revolving loan account was still an attractive option for getting some of the money used, but there were other ways to support housing besides that account. He thought the first thing he would do would be to call the Board of Housing and ask for their advice on the best way to support low income housing needs. **SEN. MCCARTHY** inquired if the money could be used for the Summer Youth Employment Program. **Mr. Hudson** replied that if they tried to use it for housing and couldn't use it all for housing, there were other uses in FAIM IIR. If nothing in FAIM IIR used the money up by March of 2002, and it appeared it would not, HB 2 required moving \$1.5 million to the Summer Youth Employment Program. **CHAIRMAN KEENAN** asked **Mr. Hudson** to do some research, and the committee could reconsider their action if necessary. **SEN. JOHNSON** said since it was already in HB2, it could be straightened out in conference committee.

Motion/Vote: **SEN. MOHL** moved that **HB 273 BE TABLED**. The motion passed on a voice vote.

EXECUTIVE ACTION ON HB 105

Motion: **SEN. ZOOK** moved that **HB 105 BE INDEFINITELY POSTPONED**.

SEN. JACK WELLS noted he had seen something similar in a tour of the Department of Transportation. He thought they had the capability to take over the function of the bill.

Motion: **SEN. MILLER** moved a **SUBSTITUTE MOTION THAT HB 105 BE TABLED**.

Vote: **SUBSTITUTE MOTION** carried 16-2 with Nelson and Waterman voting no.

EXECUTIVE ACTION ON HB 318

Motion: **SEN. MCCARTHY** moved that **HB 318 BE CONCURRED IN**.

{Tape : 4; Side : A}

Motion: SEN. KEENAN moved that **AMENDMENT HB031801.AJM BE ADOPTED.**

Mr. Moe explained the amendment would move responsibility from the Department of Administration to the Department of Labor. There were also amendments for clarification and one that said Employment Security Account money if not used would revert to the Employment Security Fund instead of the general fund.

Vote: Motion that **AMENDMENT HB031801.AJM BE ADOPTED** carried unanimously.

SEN. MCCARTHY questioned the meaning of "catastrophic". **SEN. NELSON** noted it was in the bill. **Mr. Moe** explained the definition was on page three of the bill, but had been struck. **SEN. MCCARTHY** wondered if those lines needed to be put back in order to clarify the definition. **Mr. Moe** said it would be her choice to do that. It could be accomplished in rule as well. He was not sure why the language had been struck. The other question was regarding the definition of "public safety worker". He found that definition in statute in regard to traffic accident situations, but he did not think that would necessarily be broad enough. That definition was struck from the bill as well.

SEN. JERGESON said the definition of "catastrophically injured" was on page two, line seven.

SEN. WATERMAN commented she would oppose the bill. She said it was a noble purpose, but there were fund raisers for others with no insurance and the state did not step to the plate to match those. She felt it was not the time for a new program when the state was strapped for money.

SEN. NELSON pointed out that with the definition of the catastrophically injured worker, the person would not qualify for money for a long time. It had been identified that they would need money right away for travel and other expenses. She felt it did not coincide and agreed with **SEN. WATERMAN**.

Motion: SEN. KEENAN moved that **HB 318 BE CONCURRED IN AS AMENDED.**

Motion/Vote: SEN. MOHL moved a **SUBSTITUTE MOTION THAT HB 318 BE TABLED.** Motion carried unanimously.

EXECUTIVE ACTION ON HB 489

Motion: SEN. ZOOK moved **TO RECONSIDER COMMITTEE ACTION ON HB 489.**

Vote: Motion TO RECONSIDER carried 16-1 with Waterman voting no.

Motion/Vote: SEN. ZOOK moved that HB 489 BE TABLED. Motion carried 16-1 with Waterman voting no.

EXECUTIVE ACTION ON HB 490

Motion: SEN. JERGESON moved TO RECONSIDER ACTION TO TABLE HB 490.

SEN. JERGESON explained HB 490 would give the opportunity to match against federal intermediary free lending programs. That could generate a great deal of extra activity. He felt it had been tabled out of frustration. He thought that it was the better of the two bills (HB 489 and HB 490).

SEN. WATERMAN explained the bill was for the intermediary re-lending program.

CHAIRMAN KEENAN said there had been a fiscal note for \$157,500 over the biennium based on a full \$5 million usage of the bill and a two percent interest rate as opposed to a full five or six percent interest rate that would normally be used. He asked SEN. JERGESON if he had information that the money could be matched. SEN. JERGESON said no, but that he had voted to kill HB 489 and now it had been reconsidered. He had voted to pass HB 490 because he thought it was a better bill. He asked the committee to reverse their action on HB 490 and send the bill out.

Vote: Motion TO RECONSIDER ACTION TO TABLE HB 490 failed 8-10 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.

EXECUTIVE ACTION ON HB 526

Motion: SEN. NELSON moved that HB 526 BE CONCURRED IN.

Motion/Vote: SEN. NELSON moved TO AMEND HB 526 STRIKING LINE 14 ON PAGE 2 "PARTICIPATING IN A SCHOOL-WIDE PROJECT". Motion carried unanimously.

Motion: SEN. WATERMAN moved TO AMEND HB 527 ON PAGE 2 LINE 8, STRIKING "21" AND INSERTING "17".

She explained that the older youth were served through the Workforce Investment Act and Project Challenge. The youth program was cheaper.

CHAIRMAN KEENAN said it was cheaper since there was no funding and it was just a shell.

Vote: Motion **TO AMEND** carried unanimously.

SEN. COBB wondered since there was no appropriation in the bill, if TANF money wasn't spent if the money could go to some kind of summer youth program. **SEN. MCCARTHY** said that was correct, it could.

Motion: **SEN. NELSON** moved that **HB 526 BE CONCURRED IN AS AMENDED.**

Motion: **SEN. MILLER** moved a **SUBSTITUTE MOTION THAT HB 526 BE TABLED.**

SEN. WATERMAN spoke against the tabling motion. She said it was a proven program that worked for kids. She thought it was a "pre-Challenge program". She indicated the program was for younger kids that had been identified as having problems. She said it was similar to Project Challenge, but cheaper. She reiterated she was in favor of the bill and against the motion to table.

SEN. MILLER withdrew his motion to table.

Discussion:

SEN. MILLER explained why he felt the bill should be tabled. He said part of it was priorities. He had a problem with rewarding kids with a job who got into trouble. He said there was still the school to work program.

SEN. COBB asked **SEN. WATERMAN** if the money came in from TANF for summer employment, if they could do something similar or would they need a bill for it. **SEN. WATERMAN** said she did not believe there was a program to spend the monies in HB 2. **SEN. COBB** asked if there was an existing summer youth employment program.

CHAIRMAN KEENAN clarified it was JTPA. **SEN. WATERMAN** said she did not believe there was a JTPA summer youth program any longer. **CHAIRMAN KEENAN** acknowledged that was the reason for the bill, because the federal program ended. **SEN. COBB** asked the question of **Tom Hayes, Program Manager, Montana Job Training Partnership**, who explained there was no summer youth program.

SEN. MCCARTHY said she did not look at the program as a reward, but as something that kept youth off welfare, off the streets, out of another program, and would possibly give them enough

incentive to go back to school. She felt the mentoring and being told they could succeed would be enough to get them going forward.

SEN. WATERMAN said the school to work program was a work experience and job shadowing program without pay. The summer youth program was totally different. The kids would actually be working and being shown the need to be responsible, show up on time and get some stability in their lives. It was not similar to school to work which was really a work experience program.

SEN. ZOOK thought the program would be great if it was available all across the state. He thought he could vote for it since it was all federal special. It was one of those programs that lost its federal funding just like the Challenge program where the federal funding was reduced. He felt strong enough about that program to boost the general fund, which went against the backfilling that they all had been concerned about. He wondered about the effective date, and noted he would like to see a sunset on the bill. He said he would vote for the bill with a sunset.

SEN. WATERMAN clarified that in HB 2 the program would come into effect in March of 2002. There would only be one summer youth program in the second year of the biennium and then only if TANF funds were available.

SEN. ZOOK said if the program would go east of Billings, he would like to know about it. **Mr. Hayes** advised that the way the boards had allocated such programs was county by county based on eligible population. **SEN. ZOOK** made it clear he did not believe in east/west. He thought good programs deserved to be funded wherever they were. He noted he had never heard of the program in his area. **Mr. Kennedy** explained when the federal summer youth program changed and they started looking at bringing the program forward through the Workforce Investment Boards, he received letters from smaller towns that used the program through their HRDCs during the summer. He said it was not just a Billings or a western bill. He said there were a lot of rural areas using the program.

SEN. COBB suggested a termination date.

Motion: **SEN. WATERMAN** moved **AMEND HB 516 TO ADD A SUNSET DATE OF JUNE 30, 2003.**

She said the money would run out anyway if there was not another source of funding.

SEN. MCCARTHY pointed out the date would need to be September 15, 2003.

Substitute Motion: **SEN. MCCARTHY** made a substitute motion **TO AMEND HB 526 TO SUNSET ON SEPTEMBER 15, 2003.**

Vote: Motion **TO AMEND** carried unanimously.

Substitute Motion: **SEN. MILLER** made a substitute motion **TO STRIKE LINES 17-27 ON PAGE 2.**

SEN. MILLER advised the criteria should be eliminated and administrators should decide.

Vote: Substitute motion carried unanimously.

Motion/Vote: **SEN. MILLER** moved that **HB 526 BE CONCURRED IN AS AMENDED.** Motion carried unanimously.

SEN. WATERMAN clarified participants would be low income youth that were TANF eligible.

EXECUTIVE ACTION ON HB 615

Motion/Vote: **SEN. COBB** moved that **HB 615 BE CONCURRED IN.** Motion carried unanimously.

EXECUTIVE ACTION ON HB 613

Motion: **SEN. WATERMAN** moved that **HB 613 BE TABLED.**

Discussion was held that the budget office would study the issue and tabling would save two legislators from being stuck on another committee.

Vote: Motion that **HB 613 BE TABLED** passed 16-2 with Cobb and Johnson voting no.

EXECUTIVE ACTION ON HB 627

Motion: **SEN. WATERMAN** moved that **HB 627 BE CONCURRED IN.**

SEN. MILLER said he would vote against the bill. He did not feel the bill was needed. He indicated the department did not exclude reservations from consideration currently.

CHAIRMAN KEENAN said his problem was that in order to be in pre-release, an inmate needed to have a job. He thought there was

little chance of anyone on a reservation getting a job while on pre-release.

Substitute Motion/Vote: SEN. ZOOK made a substitute motion that HB 627 BE TABLED. Substitute motion passed 10-8 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, and Waterman voting no.

ADJOURNMENT

Adjournment: 12:05 P.M.

SEN. BOB KEENAN, Chairman

PRUDENCE GILDROY, Secretary

BK/PG

EXHIBIT (fcs77aad)